

Message Text

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ACTION EUR-12

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TO SECSTATE WASH DC IMMEDIATE 4361

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SUBJECT: 1975 PROGRAM OF WORK AND BUDGET

REF: (A) STATE 252040, (B) IEA/GB/DOC.74/2

1. BEGIN SUMMARY. OECD BUDGET COMMITTEE HAS COMPLETED PRELIMINARY REVIEW OF OECD BUDGET WITH EXCEPTION OF EXAMINATION OF ENERGY ACTIVITIES. ALTHOUGH FINAL REPORT OF BUDGET COMMITTEE NOT COMPLETED, REPORT LIKELY RECOMMEND DECREASE SEVEN MILLION FRANCS IN PART I ACTIVITIES, MINOR CUTBACKS IN BUDGETS FOR DEVELOPMENT CENTER AND ROAD RESEARCH, AND DELETION OF POPULATION ACTIVITIES FROM DEVELOPMENT CENTER BUDGET. PROPOSED BUDGET OF 24,024,300 FOR ENERGY ACTIVITIES OF ORGANIZATION WILL BE EXAMINED IN DETAIL AT LATER DATE. LIKELY TOTAL CONTRIBUTION INCLUDING ENERGY FOR BOTH PART I AND PART II ACTIVITIES IS 199,984,000 FRANCS OF WHICH US SHARE IS 25 PERCENT. END SUMMARY

2. PART I ACTIVITIES - BUDGET COMMITTEE IS RECOMMENDING DECREASE OF THREE MILLION FRANCS FROM PROVISION FOR STANDARD OF LIVING ADJUSTMENT AND DECREASE OF 2.5
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MILLION FRANCS FROM OPERATING COST, CONSULTANTS AND

TRAVEL APPROPRIATION, AND IS RECOMMENDING ABOLISHMENT OF 13 A-LEVEL POSTS TO BE SELECTED BY SECRETARY GENERAL WITH RESULTANT BUDGET SAVINGS OF 1.5 MILLION FRANCS. SECRETARY GENERAL LIKELY TO PRESS FOR RESTORATION OF SOME OF THESE CUTS, ESPECIALLY THE ONES RELATING TO POSITIONS, DURING COUNCIL DISCUSSIONS ON 1975 BUDGET. MISSION BELIEVES SECRETARY GENERAL'S ARGUMENTS AGAINST CUTS IN POSITIONS WILL BE JUSTIFIED AND CONVINCING TO MANY DELEGATIONS. US WILL SEEK COMPENSATION IN FORM LARGER DECREASE IN APPROPRIATIONS FOR COST OF LIVING AND STANDARD OF LIVING.

3. DEVELOPMENT CENTER - DUE TO OPPOSITION OF SPAIN, ITALY AND FRANCE, THOSE APPROPRIATIONS RELATING TO POPULATION ACTIVITIES (1,382,661) HAVE BEEN REMOVED FROM DEVELOPMENT CENTER BUDGET. BUDGET COMMITTEE ALSO RECOMMENDED CUT OF 316,500 FRANCS FROM BUDGET OF DEVELOPMENT CENTER WITH DECREASES IN FUNDS FOR OPERATING EXPENSES AND THE PROVISION OF GENERAL REVIEW OF SALARIES.

4. ROAD RESEARCH - ONLY A TOKEN REDUCTION OF 55,500 FRANCS WAS MADE IN THE BUDGET FOR THE ROAD RESEARCH PROGRAM.

5. ENERGY - ENERGY BUDGET SET OUT IN REF B CALLS FOR BUDGET OF 24,024,300 FOR ENERGY ACTIVITIES, BOTH PART II (ENERGY AGENCY) AND PART I. UNTIL THE BUDGET FOR ENERGY ACTIVITIES IS FULLY ANALYZED AND FINAL DECISIONS ARE TAKEN ON WHAT PORTION OF ENERGY BUDGET WILL BE ATTRIBUTED TO PART I, MISSION WILL FOR PLANNING PURPOSES (BASED ON INFORMAL CONVERSATIONS WITH SECRETARIAT) ASSUME THAT 4,300,800 FRANCS OF TOTAL ENERGY BUDGET WILL BE IMPUTED TO PART I BUDGET. THIS ASSUMPTION LEADS TO TWO TECHNICAL ADJUSTMENTS IN THE BUDGET: (A) THE RETENTION OF 4.3 MILLION FRANCS FOR ENERGY ACTIVITIES IN PART I OF THE BUDGET (IN PLACE OF FIVE MILLION IN BUDGET DOCUMENT), AND (B) A HYPOTHETICAL BUDGET FOR PART II ENERGY ACTIVITIES OF 19,723,500. ALSO INCLUDED IN THE ENERGY AGENCY BUDGET IS AN AMOUNT LIMITED OFFICIAL USE

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OF 800,000 TO COVER REIMBURSEMENT TO THE PART I BUDGET FOR OVERHEAD COSTS. THIS REIMBURSEMENT WOULD REDUCE THE CONTRIBUTION REQUIREMENT FOR PART I BY AN EQUAL AMOUNT. THESE ASSUMPTIONS ARE REFLECTED IN THE SUMMARY TABLE OF OECD APPROPRIATIONS AND MEMBER CONTRIBUTIONS CONTAINED IN PARAGRAPH 6.

6. SUMMARY PROJECTION OF 1975 OECD APPROPRIATIONS AND

MEMBER CONTRIBUTIONS:

OECD APPROPRIATION:

PART I - 183,231,900

PART II -

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DEVELOPMENT CENTER - 12,155,918

ROAD RESEARCH - 2,217,601

INTERNATIONAL ENERGY AGENCY - 19,723,500

MEMBER CONTRIBUTIONS:

PART I - 166,254,160

PART II -

DEVELOPMENT CENTER - 11,883,918

ROAD RESEARCH - 2,132,601

INTERNATIONAL ENERGY AGENCY - 19,723,500

7. PROJECTED CONTRIBUTION REQUIREMENTS ARE SUBJECT TO
SOME CHANGE SINCE THE BUDGET COMMITTEE REPORT MAY MAKE
FURTHER MINOR CHANGES AND THE COUNCIL MAY NOT ACCEPT

ALL OF THE BUDGET COMMITTEE'S RECOMMENDATIONS. AT THE SAME TIME THE PROJECTED CONTRIBUTION REQUIREMENTS FOR ENERGY ACTIVITIES MAY BE MODIFIED SOMEWHAT DURING THE DETAILED EXAMINATION BY THE INTERNATIONAL ENERGY AGENCY OF ITS BUDGET AND SUBSEQUENT ATTRIBUTION OF COSTS BETWEEN PART I ENERGY ACTIVITIES AND PART II.

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8. WHEN BUDGET COMMITTEE REPORT COMPLETED NOVEMBER 22, MISSION WILL SEEK SPECIFIC INSTRUCTIONS FOR EXECUTIVE COMMITTEE DISCUSSIONS SCHEDULED FOR NOVEMBER 28. IEA BUDGET WILL BE EXAMINED BY IEA BUDGET COMMITTEE DECEMBER 9-10 AND BY GOVERNING BOARD DECEMBER 18-19. TURNER

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